

# **A CITIZEN'S GUIDE TO LOCAL GOVERNMENT FINANCE IN WASHINGTON STATE**

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## **Introduction**

A Citizen's Guide to Local Government Finance in Washington State is offered as a resource for citizens, legislators, their staff, and other interested persons to provide an overview of local government finance in this state. This booklet provides a simple, easy-to-understand guide to the revenues and expenditures of Washington cities, towns, counties, and special purpose districts, describing the sources of state and local revenues received by local governments and the typical programs for which these revenues are expended.

While most citizens are familiar with the services typically provided by cities and counties, special purpose districts are

less well understood. The state's 1,700 special purpose districts are discussed in general terms, with a more detailed focus on public health programs and transit services, which have seen significant fiscal change as a result of the passage of Referendum 49 in 1998 and Initiative 695 in 1999. Other special purpose districts receive little or no detailed discussion because of their individualized nature or the complexity of their finances (school districts being the best example).

The staff of the Senate Ways and Means Committee have prepared a Citizen's Guide to Local Government Finance in Washington State with the assistance of the staff of the Legislative Evaluation and Accountability (LEAP) Program Committee. Questions or comments regarding the guide (or requests for additional copies) should be made to:

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For additional information and other valuable web sites, refer to the "Notes on Data and Data Sources" section in Appendix A of this document.

## **Types of Local Governments**

Local governments in Washington State consist of **general-purpose governments** (counties, cities, and towns), which provide a variety of general governmental services, and **special purpose districts**, which are established to provide specific,

limited services (such as school districts, library districts, and fire protection districts).

All units of local government are **political subdivisions** of the state; the state under provisions of the state Constitution and state statutes have delegated their powers and duties.

The state Constitution provides for the creation of counties only by specific legislative action. To date, thirty-nine **counties** have been established by a state statute. By contrast, the state Constitution prohibits the Legislature from creating cities, towns, or special purpose districts by special legislation, but allows the Legislature to enact general enabling legislation establishing procedures for such formations.

The state Constitution requires the Legislature to establish a uniform system of county government. The Constitution was amended in 1948 to allow the voters of any county to approve a "home rule" charter that may provide for a different number or type of county elected officials. Five of the state's thirty-nine counties have adopted home rule charters: Clallam (1979), King (1969), Pierce (1981), Snohomish (1980), and Whatcom (1979).

In contrast to counties, cities and towns can choose from three forms of government provided by statute, including the mayor-council, council-manager, and commission form of government. In addition to the choice in form of government already provided by state law, cities also have the ability to adopt a home rule charter, subject to certain requirements, and provide for their own form of government. Unlike counties, cities and towns generally do not have separately elected officers in addition to the council members and mayor. To date, 279 cities and towns have incorporated in Washington.

Additional information on the organization of cities and counties is available from the Municipal Research Services and Center website. For counties see

<http://www.mrsc.org/localgov/locgov12.htm#charter>

For cities see

[http://www.mrsc.org/cityorg/forms/formsweb.htm - city charters](http://www.mrsc.org/cityorg/forms/formsweb.htm-citycharters)

The approximately 1,700 **special purpose districts** of the state can be classified into about 70 types, including park districts, library districts, school districts, fire protection districts, port districts, and water and sewer districts. Road districts and school districts were first formed during Territorial days. The first special purpose districts authorized after statehood were irrigation districts in 1890. Boards of part-time elected officials govern special purpose districts. For a list of special purpose districts and reference to their enabling legislation see <http://www.mrsc.org/localgov/spd.htm>.

Of the approximately 70 types of special purpose districts, 25 are authorized by state law to levy a property tax, as shown in Table 1. The remaining 45 special purpose districts are funded by assessments on the properties benefited by the capital improvements and are known as **local improvement districts**.

A comprehensive discussion of special purpose districts can be found in the final report of the Washington State Local Governance Study Commission, Volume I, "A History of Washington's Local Governments," January 1988.

**Table 1.**

**Property Tax Levies by Special Purpose Districts**

In addition to the state, the 279 cities, and the 39 counties, there are 25 different types of special purpose districts authorized by statute to levy property taxes. These districts include:

District	Number Levying Property Taxes
Fire districts	403
School districts	273
Emergency medical service districts	172
Cemetery districts	90
Port districts	72
Hospital districts	54
County road districts	39
Park and recreation districts	33
Library districts	25
Water districts	8
Public utility districts	5
Sewer districts	3
Flood control zone districts	3
Mosquito control districts	2
Metropolitan park districts	1
Air pollution control districts	--
Airport districts	--
Cultural arts districts	--
Irrigation districts	--
Metropolitan municipal corporations	--
Park and recreation service districts	--
Rail districts	--
Road & bridge service districts	--
Solid waste disposal districts	--
Transportation benefit	--

## County and City Expenditures

Table 2 provides examples of city and county functions. The list is not exhaustive but attempts to illustrate the major governmental and enterprise activities undertaken by cities and counties. This guide focuses on governmental operating activities but some capital and enterprise activities are also shown in Table 2 in order to give the reader a more complete view of all city and county activities.

Examples of governmental activities are those that deal with public safety, health, and human services. These are financed primarily through taxes, intergovernmental grants, and permit-type fees. Enterprise activities are self-sustaining business functions or user financed activities with no general tax support or only small subsidies. Examples of enterprise activities include utility services, landfills, and golf courses. Capital expenditures are generally related to long lasting assets such as buildings and roads and are distinguished from the day –to-day expenses of salaries, services, and consumable goods.

The performance of governmental activities is supported both with general tax revenues that may be allocated through the discretion of the local public officials and with dedicated or earmarked revenues and grants that are restricted to specific activities. These two types of revenues are commonly referred to as general and special funds respectively. Since the nature of these funds can vary significantly among jurisdictions and transfers may sometime occur between general and special funds, this guide provides revenue and expenditure data for both general and special funds.

**Table 2.**  
**Functions of Cities and Counties**

(Modified from Municipal Research Council)

X = Mandatory; O = Discretionary

A blank space indicates that the jurisdiction does not have authority to perform the activity or it is not a significant activity for that class of jurisdiction.

Program	City	County
Public Health	O	X
Juvenile Detention/Courts		X
Juvenile Probation		O
Youth Services	O	O
Hospital	O	O
Women's Programs	O	O
Veteran's Programs	O	X
Cooperative Extension		O
Aging	O	O
Mental Health		X
Developmental Disabilities		X
Arts	O	O
Courts (Superior)		X
Courts (District)		X
Courts (Municipal)	X	
Adult Detention Pretrial	X	X
Adult Detention Felons		X
Public Safety (Crimes)	X	X
Traffic Enforcement	X	X
Public Defense	X	X
Attorney (City/County Cases)	X	X
Airport	O	O
Streets and Roads	X	X
Surface Water	O	O
Solid Waste Collection	O	
Solid Waste Disposal	O	O
Sewage Treatment	O	O
Planning	X	X

Program	City	County
Land Use Controls	O	O
Boundary Review Boards		O (X in small counties)
Parks and Recreation	O	O
County Fair		O
Drinking Water	O	O
Library Services	O	
Fire Code	O	O
Fire Suppression	O	

It should be noted that while some programs are listed as discretionary on the part of the city or county, the function is in fact a mandatory public activity in modern life. For instance, sewage treatment and drinking water delivery within urban areas will be conducted by some governmental entity whether it is a sewer district, city, county, or consortium of entities. Historic circumstances or local choice may be the prime determinant as to which jurisdiction assumes the responsibility for the delivery of the necessary service.

The 1990 Growth Management Act (GMA) recognized that counties are regional governments within their boundaries and that cities are the primary providers of urban governmental services within urban growth areas (RCW 36.70A.210). The GMA requires cooperative planning between counties and cities subject to the GMA. In 1994, the Legislature passed the Local Government Service Agreements Act, Chapter 36.115 RCW, further encouraging voluntary transfers of functional responsibility among units of local government to allocate the financing and provision of government services and facilities using the most efficient geographic units regardless of jurisdictional boundaries. Although the GMA provides that counties are regional governments and cities are the primary

providers of urban governmental services within urban growth areas, approximately 42 percent of the state population lives in the unincorporated areas where they likely receive government services from a county.

Interjurisdictional contracting for services may create difficulties in comparing expenditures or revenues among and between cities or counties. Where interjurisdictional agreements exist, this guide attributes service expenditures to the jurisdiction paying for the service rather than the jurisdiction delivering the service. The data in this guide is based on reports from the State Auditor's Office and the Legislative Evaluation and Accountability Program that incorporate standards for the allocation of expenditures. Additional information on data sources is provided in Appendix A.

It should be noted that local public health services may be provided either by county public health departments or, in some areas of the state, a separate public health district. Similarly, the responsibility for transit services may fall under city or county governments. Consequently, the financial data for cities and counties will overlap with data in later sections of this guide on local public health and transits.

### **Categories of Local Government Activities**

Counties and cities provide annual financial reports to the State Auditor with categorical breakdowns of expenditures and revenues. The categories of expenditures are described below and provide an overview of county and city activities. The most recent expenditures for counties and cities are shown in Charts 1 and 2 on pages 12 and 13 respectively.

**Law and Justice Services** include law enforcement, jails and detention facilities, and the local court system. Law and Justice is the largest expenditure category for both cities and counties and is examined in greater detail beginning on page 16.

The **Natural Resources** category is the second largest expenditure category for cities and the fifth largest expenditure category for counties. It includes services related to conservation, flood control, salmon habitat preservation, animal control, planning and community development, zoning, land use, parks, and culture. It may also include functions related to garbage, waste management, and other utilities that are not part of enterprise activities.

**Health and Human Services** is a significantly larger portion of county expenditures as compared to cities. This category of expenditures includes programs related to mental health, aging, veterans, developmental disabilities, substance abuse, and other human services programs. On page 28 the reader will see significant grant funds from the state Department of Social and Health Services to counties. Those grant funds provide a large part of the funding for these services. Public health funding is included for counties that maintain a public health department. Public health revenues for both county public health departments and separate public health districts are combined in the public health data section beginning on page 33.

**General Government** services include the administrative, legislative, financial, and personnel functions of local government.

**Fire and Emergency Services** include fire suppression, hazardous materials, protective inspections, emergency 911, and emergency communications. Counties do not engage in

fire fighting but have seen a rapid growth in the cost of other emergency services.

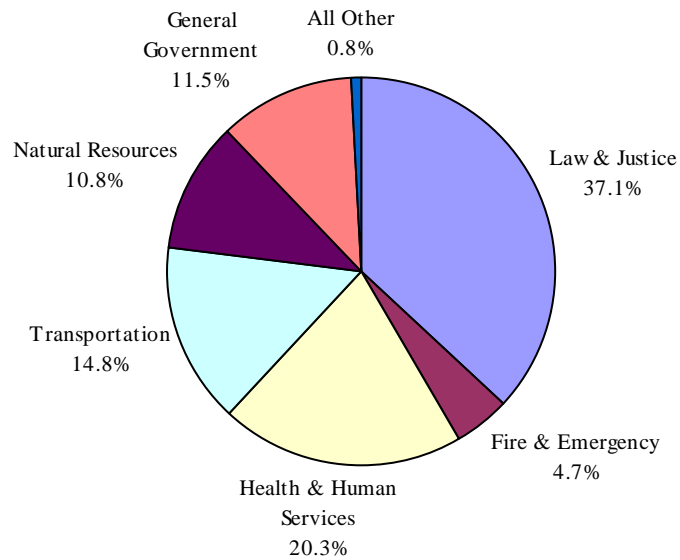
**Transportation** services are largely comprised of street and road activities including maintenance, preservation, repair, and construction but they also include airport, ferries, and transit services when they are provided by cities or counties. In order to be consistent with other categories of expenditures, this section of the guide shows only transportation operating expenditures.

Road and street services are financed primarily by state and federal fuel tax distributions, local property taxes and other general funds.

Several transit operations fall under either city or county administration. Expenditure and revenue data for those services are included both in this section and the transit discussion that follows later in the guide. Additional information on transit funding and activities may be found beginning on page 38.

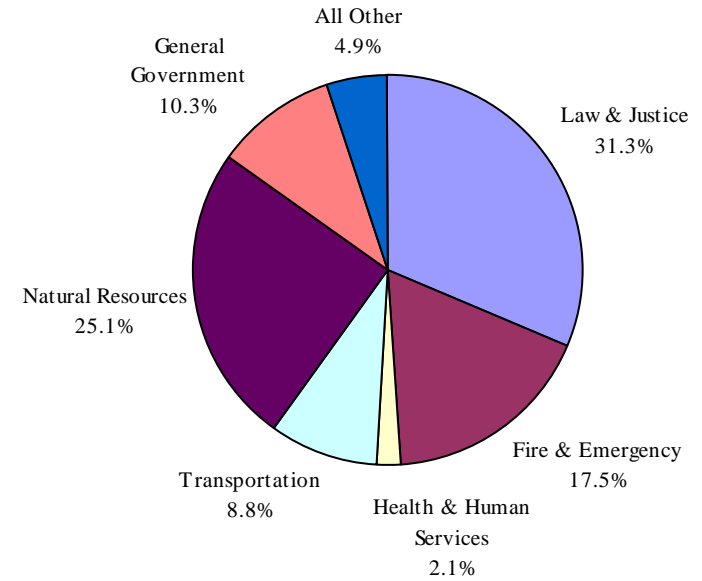
This guide does not include data on public port expenditures and activities.

**Chart 1.**  
**County Expenditures for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)	
Law & Justice	\$846.8
Fire & Emergency	106.5
Health & Human Services	464.4
Transportation	337.7
Natural Resources	247.2
General Government	263.3
All Other	18.0
<b>Total Expenditures</b>	<b>\$2,283.9</b>

**Chart 2.**  
**City Expenditures for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)	
Law & Justice	\$743.7
Fire & Emergency	414.3
Health & Human Services	50.3
Transportation	209.0
Natural Resources	596.3
General Government	243.7
All Other	115.5
<b>Total Expenditures</b>	<b>\$2,372.8</b>

## County and City Expenditure Trends

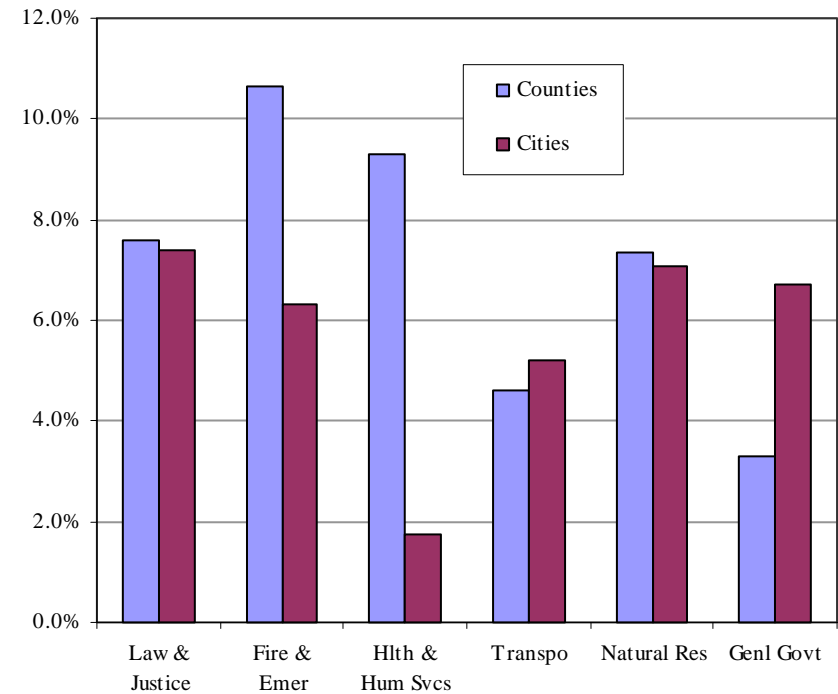
Law and Justice is the largest category of expenditure for both the cities and counties and it is also the area with the greatest reliance on local general tax sources.

Chart 3 shows the comparative annual growth rates in various expenditure categories. These values are not adjusted for inflation or changes in population. General factors influencing growth include population growth, annexations, incorporations, and inflation. Detail of the annual expenditure trends from 1991 to 1999 may be found in Appendix B.

While the growth in law and justice expenditures is comparable to other categories of expenditures, the greater reliance on general local revenues and the absolute size of the increase has made it an area of special concern.

The large difference between the city and county growth in health and human services expenditures reflects a shift in responsibility during the period. Prior to 1993, both cities and counties were responsible for local public health services. Under the state Health Services Act of 1993, the responsibility for local public health boards was placed solely with counties.

**Chart 3.**  
**City & County Expenditure Trends 1991-1999**  
**General and Special Revenue Fund**  
Annual Average Percent Change



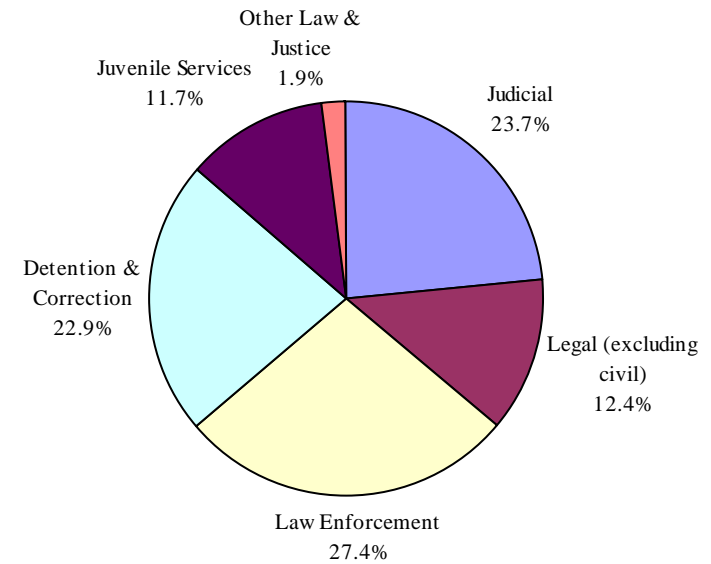
	Counties			Cities		
	(\$ in Millions)		Annual Avg % Change	(\$ in Millions)		Annual Avg % Change
	1991	1999		1991	1999	
Law & Justice	\$473.7	\$846.8	7.6%	\$420.5	\$743.7	7.4%
Fire & Emergency	48.1	106.5	10.7%	253.9	414.3	6.3%
Health & Human Services	232.8	464.4	9.3%	52.8	50.3	1.8%
Transportation	238.1	337.7	4.6%	140.3	209.0	5.2%
Natural Resources	142.9	247.2	7.3%	346.9	596.3	7.1%
General Government	207.2	263.3	3.3%	145.9	243.7	6.7%



### County and City Law and Justice Expenditures

County law and justice expenditures totaled \$847 million in calendar year 1999. As shown previously in Chart 2, approximately 37 percent of county total general and special fund expenditures occurred in this category. As detailed in Chart 4, the law and justice expenditures were fairly evenly distributed across the different areas of law and justice expenditures, with law enforcement, detention and corrections, and judicial expenditures accounting for 74 percent of the total.

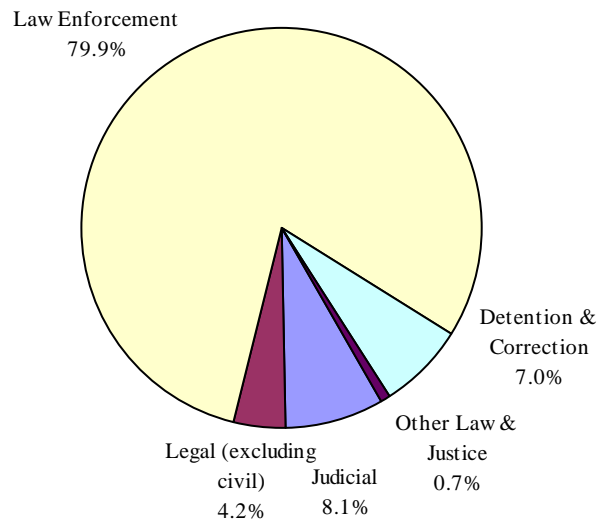
**Chart 4.**  
**County Law & Justice Expenditures for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)	
Judicial	\$200.7
Legal (excluding civil)	105.0
Law Enforcement	231.9
Detention & Correction	193.9
Juvenile Services	99.5
Other Law & Justice	15.9
<b>Total Law &amp; Justice Expenditures</b>	<b>\$846.8</b>

For cities, law and justice expenditures totaled approximately \$744 million in calendar year 1999 as shown in Chart 5. This represented 31 percent of their total general and special fund expenditures. However, unlike county law and justice expenditures, the majority (nearly 80 percent) of city law and justice expenditures are in the law enforcement area.

**Chart 5.**  
**City Law & Justice Expenditures for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)	
Judicial	\$60.2
Legal (excluding civil)	31.3
Law Enforcement	594.6
Detention & Correction	52.2
Other Law & Justice	5.5
<b>Total Law &amp; Justice Expenditures</b>	<b>\$743.7</b>

## **Growth of Law and Justice Expenditures**

For both counties and cities, law and justice expenditures have been one of the fastest growing areas of their budgets. Over the last eight years, county and city law and justice expenditures have grown by an average of seven percent per year. By contrast, inflation and general population growth have each grown at rates between two and three percent per year.

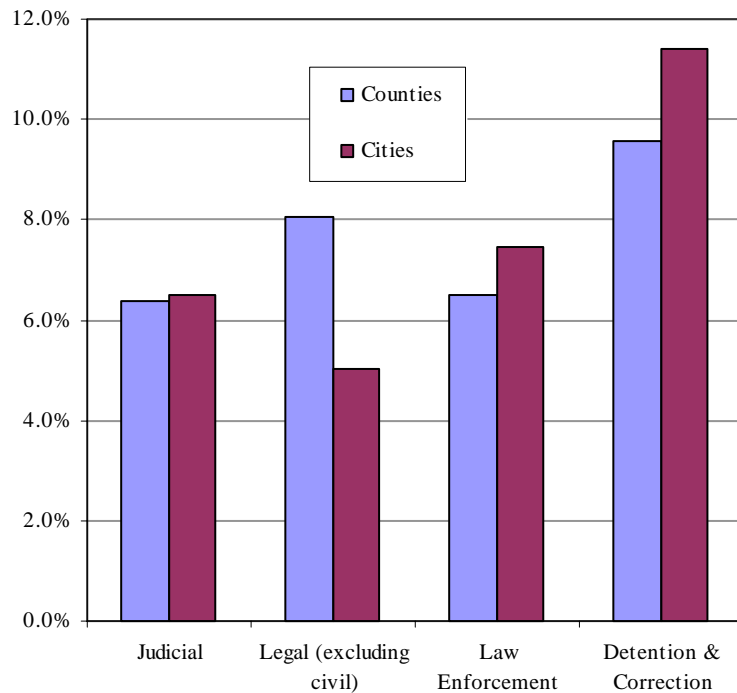
As depicted on Chart 6, this growth has been seen in all areas of law and justice expenditures. The growth in law and justice expenditures has been driven by a number of factors including increased criminal filings, sentence lengths, salary and benefit costs, population growth, and inflation.

The expenditures listed in this guide do not include facility construction costs. The growth in capital expenditures for jails is an issue of growing concern for local government officials.

**Chart 6.**  
**City & County Law & Justice Expenditure Trends**  
**1991-1999**

**General and Special Revenue Funds**

Annual Average Percent Change



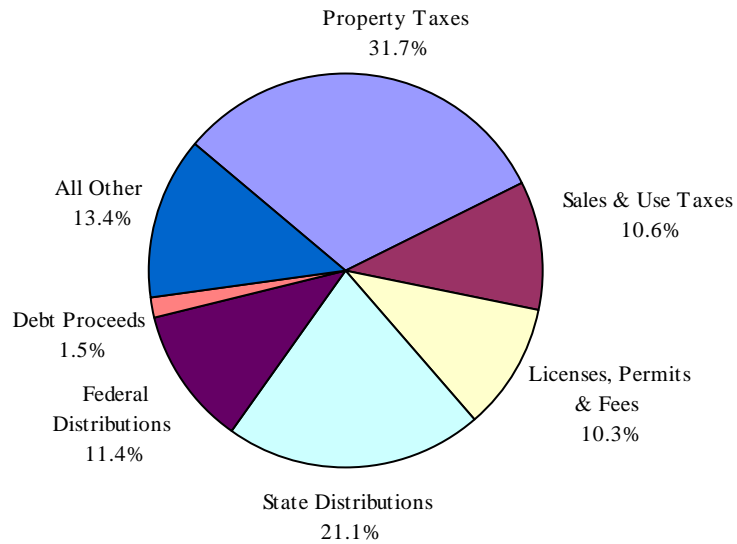
	Counties			Cities		
	(\$ in Millions) 1991	(\$ in Millions) 1999	Annual Avg % Change	(\$ in Millions) 1991	(\$ in Millions) 1999	Annual Avg % Change
Judicial	\$122.5	\$200.7	6.4%	\$36.4	\$60.2	6.5%
Legal (excluding civil)	56.8	105.0	8.0%	\$21.5	\$31.3	5.0%
Law Enforcement	142.0	231.9	6.5%	\$334.7	\$594.6	7.5%
Detention & Correction	95.1	193.9	9.6%	\$22.3	\$52.2	11.4%

## County and City Revenues

State law authorizes and limits taxes and fees that may be imposed by cities and counties. The major tax revenue sources available to local governments are property taxes and sales taxes for both cities and counties, and the business and occupation (B&O) and utility taxes, which are authorized exclusively for cities. Transit districts may also impose a B&O tax but no transit district imposes such a tax at this time.

As shown in Chart 7, slightly over half of county general and special revenues are generated from local property taxes, sales taxes, licenses, permits and fees. Similarly, Chart 8 shows that about half of city general and special revenue is from these same sources. City B&O and utility taxes provide 18.1 percent of all city revenue, however, only 37 cities utilize the gross receipts B&O tax. The remainder of county and city revenues consist of distributions from the state and federal governments and other taxes, fees, fines, interest earnings, and other contributions. State and federal grants comprise a larger proportion of county revenues. A large proportion of state and federal funding to counties is restricted by the purpose of the grants. Annual revenue trend detail from 1991 to 1999 may be found in Appendix C.

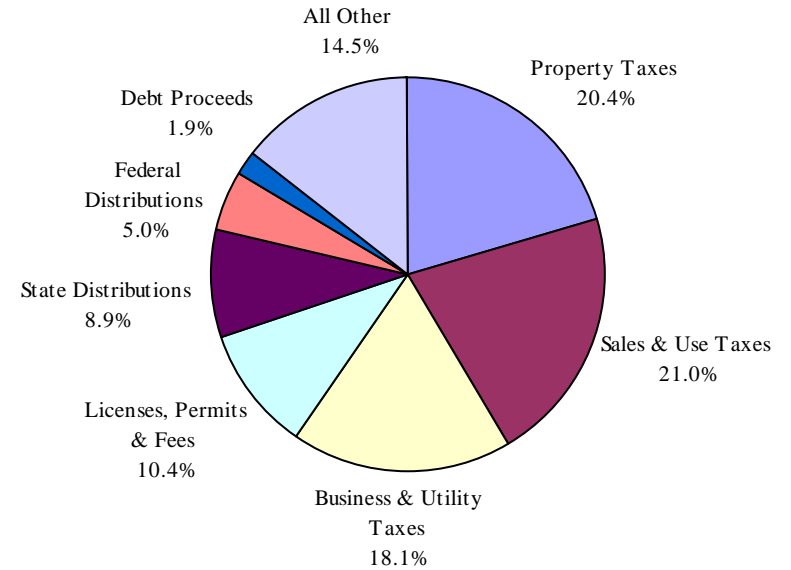
**Chart 7.**  
**County Revenues for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)

Property Taxes	\$856.2
Sales & Use Taxes	285.7
Licenses, Permits & Fees	279.5
State Distributions	569.6
Federal Distributions	309.1
Debt Proceeds	39.8
All Other	363.3
<b>Total Revenues</b>	<b>\$2,703.2</b>

**Chart 8.**  
**City Revenues for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)

Property Taxes	\$604.6
Sales & Use Taxes	620.5
Business & Utility Taxes	534.6
Licenses, Permits & Fees	306.8
State Distributions	262.1
Federal Distributions	147.9
Debt Proceeds	56.5
All Other	428.1
<b>Total Revenues</b>	<b>\$2,961.1</b>

Through the actions of city councils and county commissions, local governments control the rates of property taxes imposed for city and county purposes within limits provided in statute and have the discretion of exercising certain optional sales taxes that have been authorized by state law.

By law, some optional taxes may be subject to referendum or require voter approval. Initiative 695 required that all tax and fee increases be voter approved, but this requirement was overturned by a Washington State Supreme Court decision in October 2000, leaving the pre-existing restrictions intact.

Taxing authority is distinguished from licenses, permits and fees that are generally specific to a certain activity or service. City councils and county commissions have greater latitude in the imposition and rate setting of licenses, permits, and fees.

## **Property Tax**

Cities and counties impose property taxes for general governmental purposes. For most cities, the statutory maximum rate is \$3.375 per \$1,000 of assessed valuation. Counties may impose property taxes up to \$1.80 per \$1,000 in both incorporated and unincorporated areas of the county. Counties may also impose a property tax for road purposes at a maximum levy rate of \$2.25 per \$1,000 in unincorporated areas.

If a city or county is levying property taxes at the maximum rate, revenue growth of regular property tax levies is limited to the rate of inflation unless the governing body declares a substantial need. Such a declaration requires a majority vote in a public forum. A declaration of substantial need allows jurisdictions to increase property tax levies up to six percent over the prior year's revenue. Jurisdictions of less than 10,000

may increase the levy by six percent with a simple majority vote of the governing body.

Cities and counties levying regular property taxes at less than maximum rates may ask their voters to raise the rates up to the statutory maximum. A voter approved increase of this type is commonly referred to as a levy lift.

Initiative 722, which passed in November 2000, placed further limits on property taxes, restricting increases to the lesser of inflation or two percent growth. The initiative is currently under judicial review and the courts have placed a stay on implementation of the initiative pending final ruling.

For additional information on property taxes, see the Legislative Guide to Washington State Property Taxes (1999) [http://www.leg.wa.gov/senate/scs/swm/econ/property\\_tax\\_manual.pdf](http://www.leg.wa.gov/senate/scs/swm/econ/property_tax_manual.pdf)

## **Sales Taxes**

All cities and counties impose a one half-cent sales tax for general government purposes. An optional sales tax is also provided up to an additional one half-cent. The optional second one half-cent tax is subject to referendum.

An additional optional sales tax of one-tenth cent exists for criminal justice purposes. The county governing body must authorize this tax and the revenues are split between the county and cities within the county. Ten percent of revenues go to the county and the remaining funds are allocated among cities and counties based on population. The tax is subject to referendum if contested.

Another one-tenth cent optional sales tax is available to all counties except King for the purpose of constructing correctional facilities. This optional sales tax requires voter approval.

### **City Business and Occupation Tax and Utility Taxes**

Cities may impose a maximum 0.2 percent tax on gross receipts of business. Higher rates are possible through voter approval or if a higher rate was in effect prior to 1982 when maximum rates were established by the Legislature. The 0.2 percent limit does not apply to utility businesses where a rate of up to six percent may be imposed on telephone, gas, and electric utilities. The six percent limit on the city utility tax may be exceeded by voter approval. City councils may also vote to tax other utilities such as water or sewer without limit on the tax rate.

City governments have broad discretion in the implementation of business taxes and the definition of the tax base. Included among the city options for revenue generation through business taxes are taxes based on gross receipts, the number of employees, and the square footage of the business property. Most large cities employ the gross receipts methodology.

The Legislature has not authorized county governments to impose either business and occupation taxes or utility taxes on businesses. Consequently, businesses in unincorporated areas of a county are not subject to these optional local government taxes.

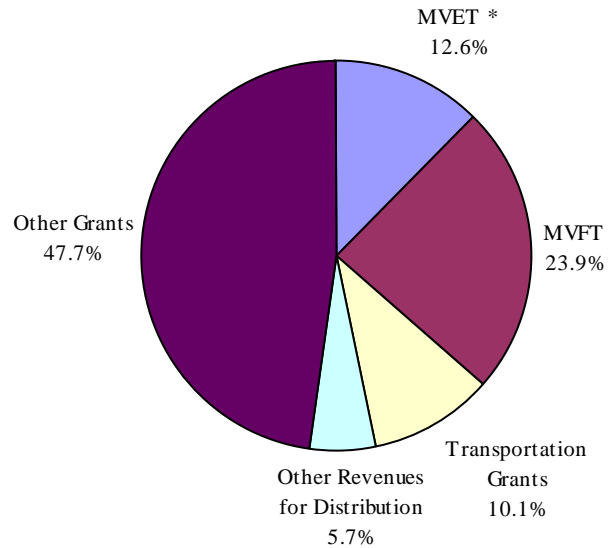
### **State Distributions and Grants to Cities and Counties**

State and federal distributions are also significant sources of funds for activities performed at the local level. As seen previously in Chart 7 above, 21 percent of county general and

special revenue is provided by the state. A large portion of that amount is provided as restricted funding by the state Department of Social and Health Services for mental health, the disabled, aged, and others. State distributions and grants make up only nine percent of the city general and special revenues and reflect the difference in the social service responsibilities of the cities and counties as explained in the public health section of this document.

Charts 9-12 show state revenue distributions to counties and cities for 1999. This data is the most recently available and does not reflect the reduction in the state distribution of motor vehicle excise tax revenues as approved by Initiative 695 and reaffirmed by the Legislature by SB 6865 (Chapter 1, Laws of 2000, 1<sup>st</sup> Ex. Sess.)

**Chart 9.**  
**State Distributions to Counties Revenue for 1999**  
**General and Special Revenue Funds**

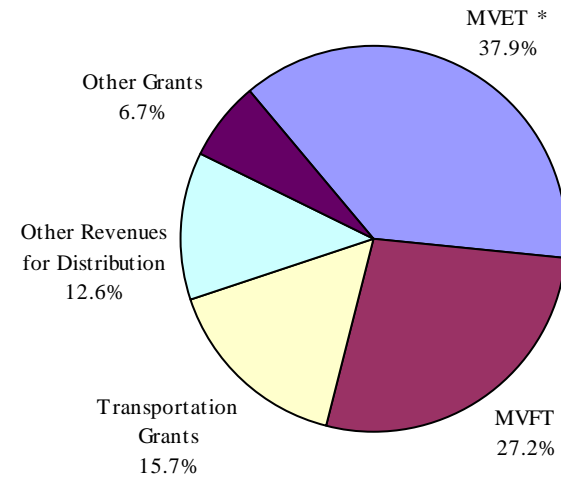


(Dollars in Millions)

Motor Vehicle Excise Tax (MVET) *	\$71.7
Motor Vehicle Fuel Tax (MVFT)	136.0
Transportation Grants	57.7
Other Revenues for Distribution	32.4
<u>Other Grants: e.g., Ecology, CTED, DSHS</u>	<u>271.9</u>
Total State Revenues to Counties	\$569.6

\* The Motor Vehicle Excise Tax was eliminated during the 2000 Legislative Session.

**Chart 10.**  
**State Distributions to Cities Revenue for 1999**  
**General and Special Revenue Funds**



(Dollars in Millions)

Motor Vehicle Excise Tax (MVET) *	\$99.2
Motor Vehicle Fuel Tax (MVFT)	71.2
Transportation Grants	41.1
Other Revenues for Distribution	32.9
<u>Other Grants: e.g., Ecology, CTED, DSHS</u>	<u>17.6</u>
Total State Revenues to Cities	\$262.1

\* The Motor Vehicle Excise Tax was eliminated during the 2000 Legislative Session.

## Referendum 49 and Initiative 695 Impacts on Local Government

Referendum 49 was passed by the Legislature and approved by a statewide vote in 1997. The enactment of Referendum 49 transferred a portion of motor vehicle excise tax receipts from the state General Fund to transportation, transit, and rural economic assistance. Additionally, some state General Fund moneys were added to the distributions for local criminal justice assistance.

However, Initiative 695, adopted by the voters in 1999, eliminated the motor vehicle excise tax (MVET). Even though the state Supreme Court subsequently invalidated the initiative, the Legislature acted in the 2000 legislative session to eliminate the MVET. Receipts from the MVET had been dedicated to transportation, transit, public health, local criminal justice funding, and sales tax equalization for cities and counties.

Appropriations from the state General Fund were provided by the State Legislature to replace a portion of the revenue that cities, counties, public health, and transit lost through the elimination of the MVET.

Charts 11 and 12 show the cumulative effect on cities and counties of Referendum 49, Initiative 695, and the legislative appropriations in response to I-695. The effects of I-695 on public health and transit are discussed in subsequent sections within this guide.

Chart 11.

### State Assistance to County Governments: Actual and Estimated Distributions, 1998 - 2001

(Dollars in Millions)

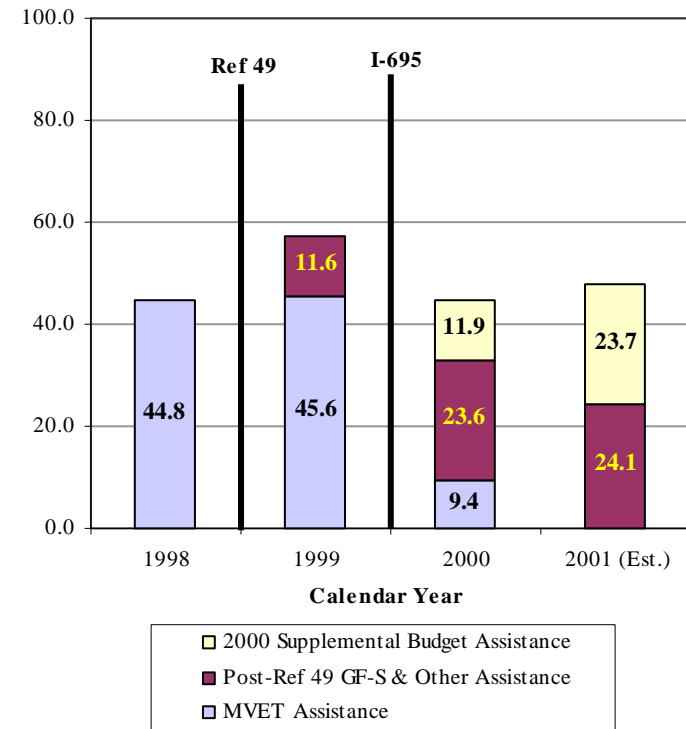
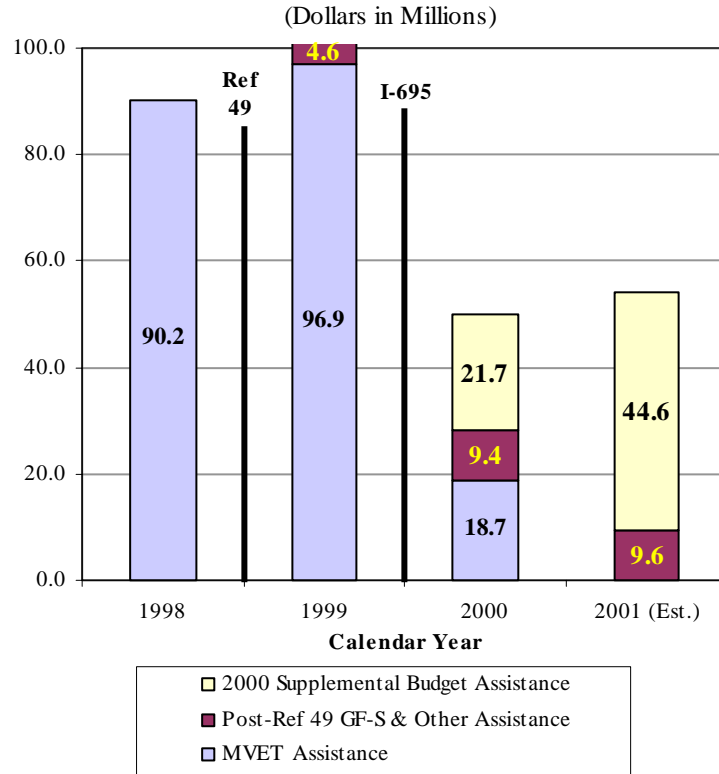




Chart 12.

**State Assistance to City Governments:  
Actual and Estimated Distributions, 1998 - 2001**



## Local Government Public Health Programs

Local public health services in Washington State are delivered either through county public health departments or through local public health districts that are a separate unit of local government. This portion of the local government guide will focus on the public health service rather than the entity that delivers the service. Consequently, county public health departments and public health districts will be shown together under the heading of local public health. The expenditures of county public health departments are also included in the previous section for county expenditures.

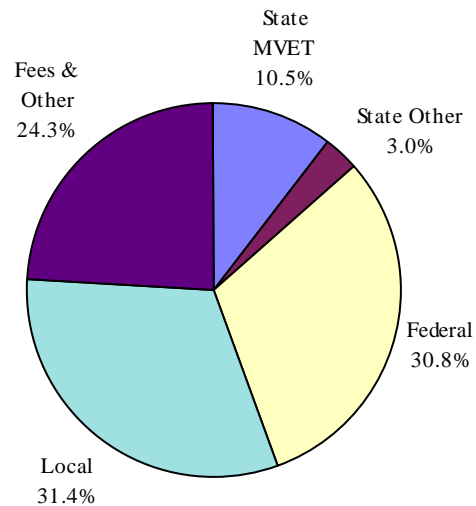
### Public Health Services

Public health services include sanitation and food-related health, children and family services, individual health, infectious disease programs, drinking water and general water quality, health education, epidemiology, vital records, tobacco prevention and control, and other programs.

### Public Health Revenues

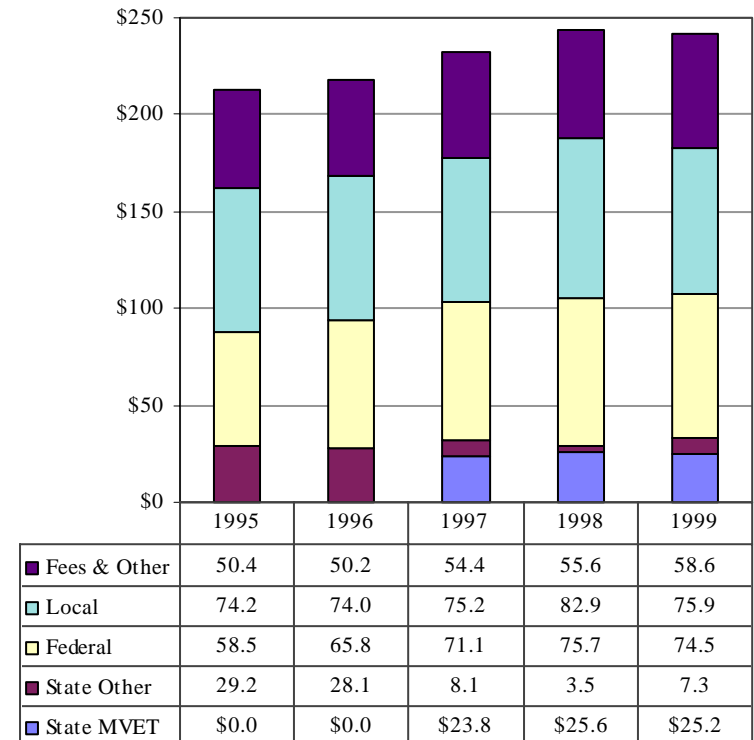
Like other local government services, public health funding is derived from a combination of local government general revenues, fees for services, state grants and distributions, and federal funds. These revenues are shown in Charts 13 and 14.

**Chart 13.**  
**1999 Public Health Revenues by Source**



(Dollars in Millions)	
State MVET	\$25.2
State Other	7.3
Federal	74.5
Local	75.9
Fees & Other	58.6
<b>Total</b>	<b>\$241.5</b>

**Chart 14.**  
**Public Health Revenues by Source for 1995-1999**  
(Dollars in Millions)



Local sources of funds include: county tax and other general revenue sources; licenses and permits associated with regulatory activities; fees and charges for professional or other services provided through the health jurisdiction; and other miscellaneous revenues.

State funding for local public health programs include both general revenue distributions and earmarked grants for specific programs. Prior to 1993, both cities and counties were

responsible for local public health services. Under the state Health Services Act of 1993, the responsibility for local public health boards was placed solely with counties. Counties or groups of counties may form public health districts as separate governmental entities. Funding previously provided by cities for local public health programs were shifted to a distribution of state motor vehicle excise tax (MVET) revenues.

In 1999, Initiative 695 and subsequent action by the state Legislature eliminated the MVET and the associated public health distributions. The state Legislature replaced 90 percent of the lost MVET monies for public health with state General Fund appropriations. General Fund support for fiscal year 2001 is shown in Table 3.

Other state funding shown in Charts 13 and 14 represents grants made by the Washington Department of Health and other state agencies.

Additional information on public health data and data sources is available in Appendix A.

**Table 3.**  
**Local Government Public Health Programs**  
**County Departments and Regional Districts**  
**State General Fund Support for Local Public Health**

<b>Public Health Districts/Departments</b>	<b>Fiscal Year 2001</b>
Adams County Health District	\$30,330
Asotin County Health District	60,015
Benton-Franklin Health District	1,102,742
Chelan-Douglas Health District	159,451
Clallam County Health & Human Services Department	137,024
Southwest Washington Health District	1,025,631
Columbia County Health District	39,715
Cowlitz County Health Department	259,842
Garfield County Health District	14,726
Grant County Health District	96,710
Grays Harbor Health Department	180,176
Island County Health Department	74,930
Jefferson County Health & Human Services	76,145
Seattle-King County Department of Public Health	8,306,245
Bremerton-Kitsap County Health District	542,074
Kittitas County Health Department	77,425
Klickitat County Health Department	48,004
Lewis County Health Department	99,409
Lincoln County Health Department	20,613
Mason County Department of Health Services	81,893
Okanogan County Health District	61,099
Pacific County Health Department	75,871
Tacoma-Pierce County Health Department	2,744,353
San Juan County Health & Community Services	30,116
Skagit County Health Department	196,230
Snohomish Health District	2,180,893
Spokane County Health District	2,054,031
Northeast Tri-County Health District	95,991
Thurston County Health Department	574,242
Wahkiakum County Health Department	13,495
Walla Walla County-City Health Department	167,063
Whatcom County Health Department	819,215
Whitman County Health Department	76,142
Yakima Health District	600,694
<b>Total:</b>	<b>\$22,122,535</b>

## Local Government Transit Funding

There are twenty-five public transit districts operating within Washington State. These agencies are either countywide or serve the more urbanized areas of the state. In addition to these transit districts, a regional transit authority, Sound Transit, has been formed in portions of King, Pierce, and Snohomish counties.

The governance of the twenty-five transit agencies varies. Metro is a division of King County government, three districts are divisions of city governments, and the remaining transit districts are special purpose districts established to provide public transit services. In most cases these special districts are governed by a board of county and city elected officials. Sound Transit is governed by an appointed board, which consists of county and city elected officials from each member county.

Some expenditures and revenues listed in this section are also included under the transportation category in the previous discussion of city and county expenditures and revenues.

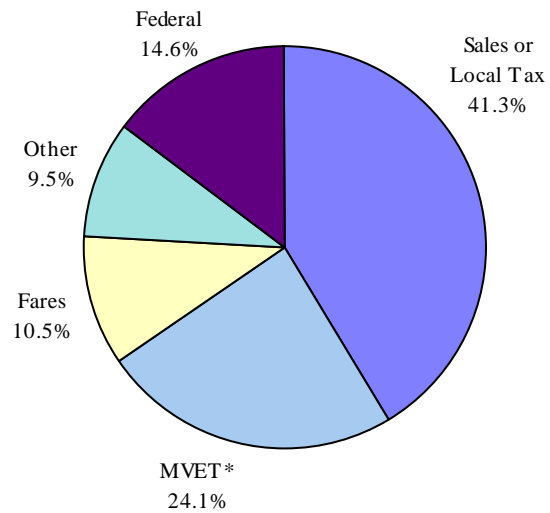
Prior to Initiative 695 in 1999, the primary funding sources for transit agencies were: (1) a local-option voter approved sales tax of up to 0.6 percent, or a public utility tax in the case of two transit systems; (2) a portion of the motor vehicle excise tax (up to 0.725 percent); (3) fares, charters, and associated revenues; and (4) federal grants for capital improvements and operating funds. The repeal of the motor vehicle excise tax (MVET) by I-695, and by subsequent Legislative action in the 2000 session, eliminated the MVET funding source for these transit agencies. However, the Legislature increased the local-option sales tax rate for transit from 0.6 percent to 0.9 percent subject to voter approval.

A regional transit authority such as Sound Transit has separate taxing powers, subject to voter approval. The authority is authorized an up to 0.9 percent sales tax, an up to 0.8 percent motor vehicle excise tax, and an up to \$2 per employee, per month, employer tax. Within the Sound Transit district a sales tax of 0.4 percent and a motor vehicle excise tax of 0.3 percent is collected under this authority.

The focus of transit agencies and Sound Transit are somewhat different. Local transit agencies provide more comprehensive transit services within communities including fixed route service, special needs transportation such as paratransit, and vanpool services. Sound Transit's focus is to address regional high capacity transit needs. The ten-year plan for Sound Transit focuses on express regional bus service, new freeway ramps for improved high occupancy vehicle lane access, and development of a commuter rail system and a light-rail system. The following four charts display the revenues and expenditures for public transit districts and the regional transit authority (Sound Transit), respectively.

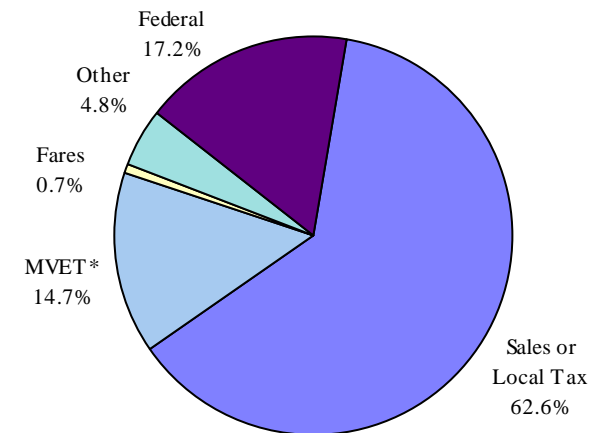
Additional information on transit data and data sources is available in Appendix A.

**Chart 15.**  
**Combined Transit District Revenues for 1999**  
**(Excluding Sound Transit)**



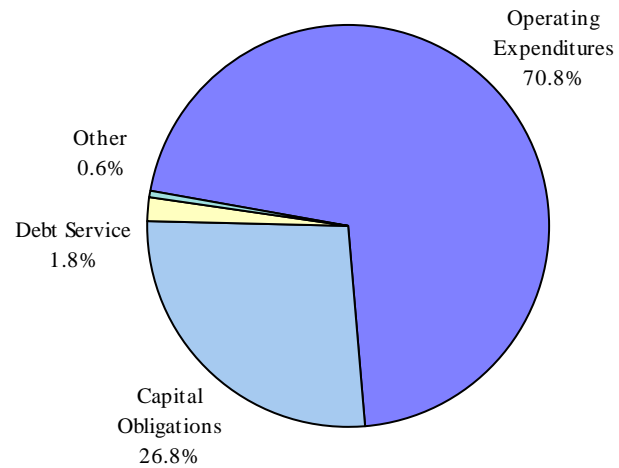
(Dollars in Millions)	
Sales or Local Tax	\$364.6
MVET*	213.3
Fares	93.1
Federal	129.0
Other	83.6
<b>Total Revenue</b>	<b>\$883.6</b>
* The State's share of the Motor Vehicle Excise Tax (MVET) was eliminated during the 2000 Supplemental Legislative Session.	

**Chart 16.**  
**Regional Transportation Authority Revenues for 1999**  
**(Sound Transit)**



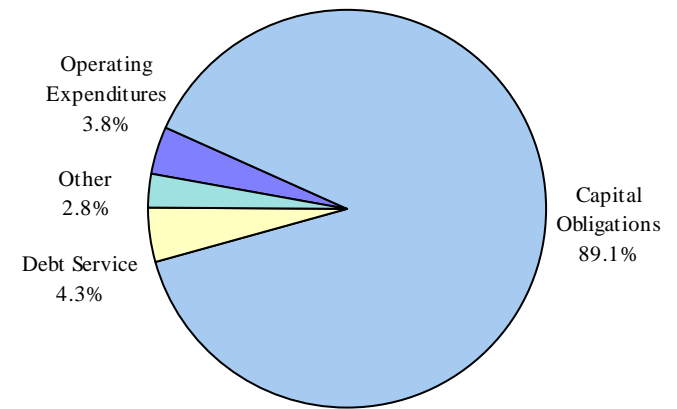
(Dollars in Millions)	
Sales or Local Tax	\$196.0
MVET*	46.1
Fares	2.2
Federal	54.0
Other	14.9
<b>Total Revenue</b>	<b>\$313.3</b>
* The State's share of the Motor Vehicle Excise Tax (MVET) was eliminated during the 2000 Supplemental Legislative Session.	

**Chart 17.**  
**Transit District Expenditures & Capital Obligations for 1999**  
**(Excluding Sound Transit)**



(Dollars in Millions)	
Operating Expenditures	\$604.5
Capital Obligations	228.7
Debt Service	15.1
Other	5.3
<b>Total Expenditures</b>	<b>\$853.7</b>
* The State's share of the Motor Vehicle Excise Tax (MVET) was eliminated during the 2000 Supplemental Legislative Session.	

**Chart 18.**  
**Sound Transit Expenditures and Capital Obligations for 1999**



(Dollars in Millions)	
Operating Expenditures	\$10.0
Capital Obligations	235.8
Debt Service	11.4
Other	7.3
<b>Total Expenditures</b>	<b>\$264.6</b>
* The State's share of the Motor Vehicle Excise Tax (MVET) was eliminated during the 2000 Supplemental Legislative Session.	

## Appendices

### Appendix A: Notes on Data and Data Sources

#### Cities and Counties

The source of the expenditure and revenue data for Washington cities and counties is the State Auditor's Budget and Accounting Reporting System (BARS), which contains information from the annual financial data reported to the State Auditor by counties and cities. The data is accessible to the public through the Local Government Finance Reporting System (LGFRS) that the State Auditor's Office (SAO) developed and maintains. This web-based reporting system contains detailed historical financial information for individual cities and counties. It can be accessed at: <http://lgfrs.sao.wa.gov/lgfrs/>

The data for county and city revenues and expenditures exclude capital expenditures. Expenditures displayed are based on General and Special Funds in order to give a broad and consistent picture of the interaction between state and local government finances. This definition of revenues and expenditures excludes many enterprise or fee-for-service activities but includes some activities that have "dedicated" or "earmarked" revenue sources.

While the use of General and Special Funds is broader than "general expense funds" or "unrestricted funds" sometimes used in local government reports, it is used here because cities and counties vary in their methods of classifying certain revenues and expenditures. Additionally, state distributions to local government may sometimes carry categorical restrictions but are combined with general funds at the local level in provision of services. Finally, some local governments have the ability to transfer funds between dedicated "special" funds

and general funds. Wherever possible, the text notes when revenue sources are limited to specific categories of expenditures.

#### Public Health

Financial information on state public health districts and departments was taken from the Department of Health "Revenue Summary Funding of Local Health Jurisdictions" publication. The 1998 publication is available on the Internet at: <http://www.doh.wa.gov/msd/ofs/1998rs/revsum.htm>.

#### Transit

Financial information on state transit district was taken from the Washington State Summary of Public Transportation Systems - 1999, compiled by WSDOT and found at [http://www.wsdot.wa.gov/pubtran/industry/library/1999\\_Summary\\_Links.htm](http://www.wsdot.wa.gov/pubtran/industry/library/1999_Summary_Links.htm). The data for transits includes capital and enterprise expenditures since the common perception of transit system financing and spending includes capital expenditures and farebox revenues.

#### Additional Sources of Data

Additional information on local government finances provided through the Local Government Finance Study conducted by the Legislative Evaluation and Accountability Program Committee (LEAP). The information provided by LEAP builds on the State Auditor's data to present a consolidated view of services provided by different levels and types of governments (state, counties, cities, school districts, and transit districts). The study web site provides analysis of government service areas to determine what portion of a service (e.g., law and justice) is provided by each type of government. This information is accessible to the public at: <http://leap.leg.wa.gov/lgfs>.

**Table 4.**  
**Related Web Sites**

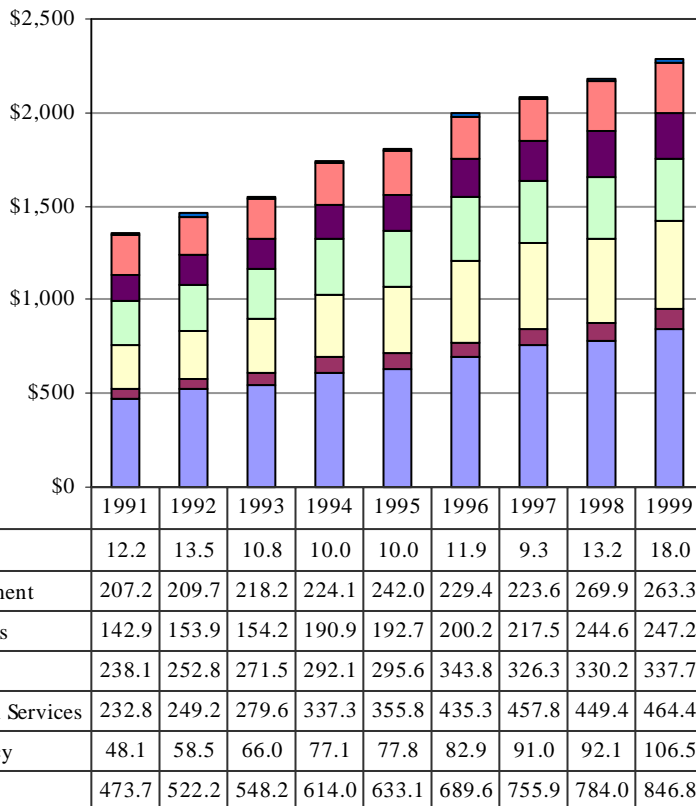
Web Site	Internet Address
<b>Local Government Associations</b>	
Municipal Research & Services Center of Washington (MRSC)	<a href="http://www.mrsc.org/">http://www.mrsc.org/</a>
Association of Washington Cities (AWC)	<a href="http://www.mrsc.org/awcfiles/awc.htm">http://www.mrsc.org/awcfiles/awc.htm</a>
Washington State Association of Counties (WSAC)	<a href="http://www.wacounties.org/wsac/">http://www.wacounties.org/wsac/</a>
Washington State Association of County Officials (WACO)	<a href="http://www.wacounties.org/waco/">http://www.wacounties.org/waco/</a>
<b>Other Helpful Web Sites</b>	
Access Washington	<a href="http://access.wa.gov/">http://access.wa.gov/</a>
Counties	<a href="http://access.wa.gov/government/awco.asp">http://access.wa.gov/government/awco.asp</a>
Cities	<a href="http://access.wa.gov/government/awcity.asp">http://access.wa.gov/government/awcity.asp</a>
Find-it Washington	<a href="http://find-it.wa.gov/">http://find-it.wa.gov/</a>
Office of Financial Management (OFM): <i>April 1 Population Estimates of Cities, Towns, &amp; Counties (July 2000)</i>	<a href="http://www.ofm.wa.gov/countypop/countytoc.htm">http://www.ofm.wa.gov/countypop/countytoc.htm</a>
Department of Health (DOH): <i>Revenue Summary Funding of Local Health Jurisdictions</i>	<a href="http://www.doh.wa.gov/msd/ofs/1998rs/revsum.htm">http://www.doh.wa.gov/msd/ofs/1998rs/revsum.htm</a>
Department of Revenue (DOR)	<a href="http://dor.wa.gov/">http://dor.wa.gov/</a>
Treasurer's Office: Revenues for Distribution	<a href="http://www.wa.gov/tre/">http://www.wa.gov/tre/</a>
Revised Code of Washington (RCW)	<a href="http://www.leg.wa.gov/wsladm/rcw.htm">http://www.leg.wa.gov/wsladm/rcw.htm</a>
Senate Ways & Means	<a href="http://www.leg.wa.gov/senate/scs/swm/">http://www.leg.wa.gov/senate/scs/swm/</a>
State Auditor's Office (SAO)	<a href="http://www.sao.wa.gov/">http://www.sao.wa.gov/</a>
Legislative Evaluation & Accountability Program (LEAP)	<a href="http://leap.leg.wa.gov/">http://leap.leg.wa.gov/</a>

## Appendix B: Expenditure Trend Charts

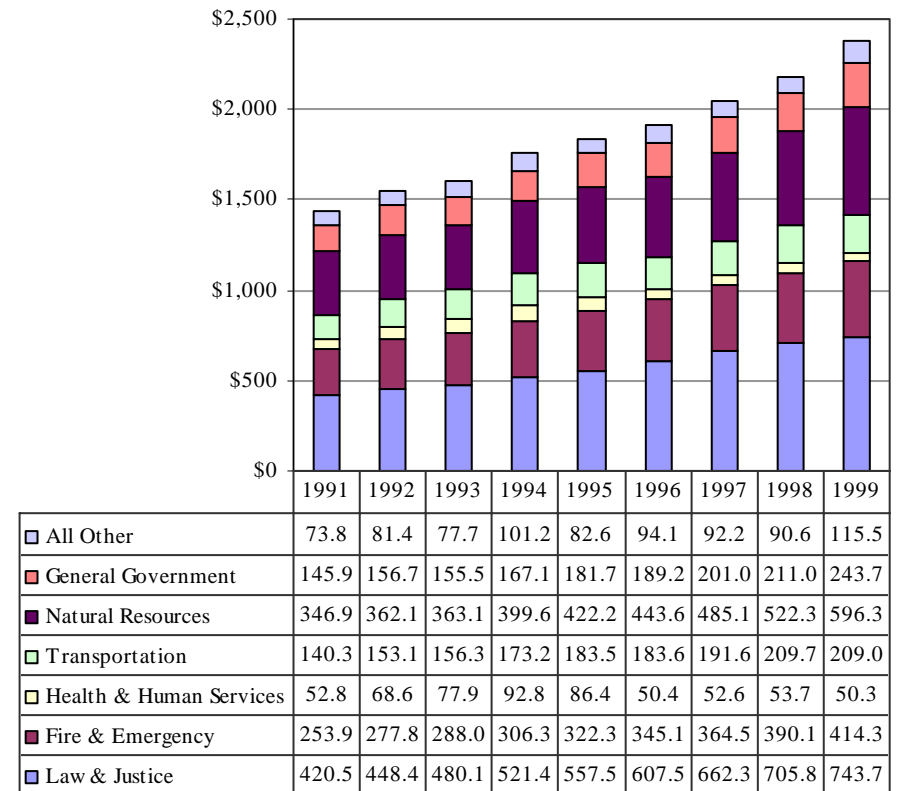
The following pages present expenditure trend information for counties and cities over the period 1991 to 1999. Charts 19 and 20 show total expenditures. Charts 21 and 22 show the expenditure trends in the area of Law and Justice.



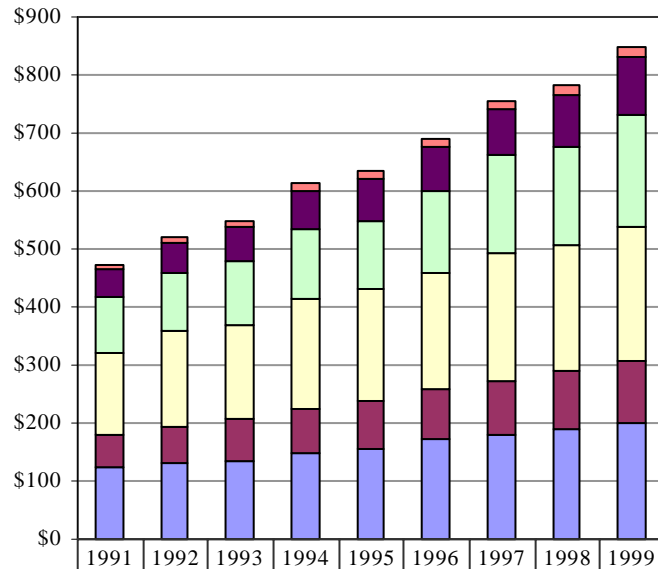
**Chart 19.**  
**County Expenditure Trends 1991-1999**  
**General and Special Revenue Funds**  
(Dollars in Millions)



**Chart 20.**  
**City Expenditure Trends 1991-1999**  
**General and Special Revenue Funds**  
(Dollars in Millions)

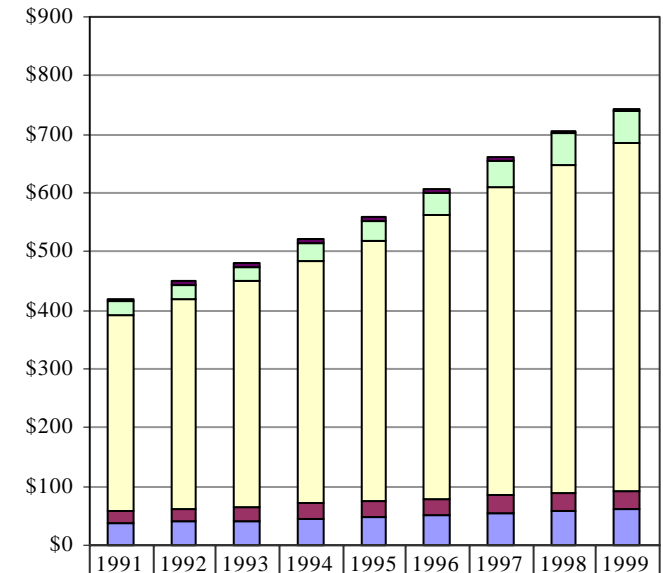


**Chart 21.**  
**County Law & Justice Expenditure Trends 1991-1999**  
**General and Special Revenue Funds**  
(Dollars in Millions)



	1991	1992	1993	1994	1995	1996	1997	1998	1999
Other Law & Justice	9.6	10.4	10.5	12.5	13.5	13.5	15.0	17.3	15.9
Juvenile Services	47.7	53.5	57.2	65.9	70.7	75.5	80.4	89.9	99.5
Detention & Correction	95.1	100.8	110.5	121.3	119.3	141.9	168.8	169.6	193.9
Law Enforcement	142.0	162.9	164.3	189.0	191.4	199.0	218.3	216.4	231.9
Legal (excluding civil)	56.8	64.6	70.5	78.5	81.6	87.8	95.9	100.2	105.0
Judicial	122.5	129.9	135.2	146.9	156.5	172.0	177.6	190.5	200.7

**Chart 22.**  
**City Law & Justice Expenditure Trends 1991-1999**  
**General and Special Revenue Funds**  
(Dollars in Millions)

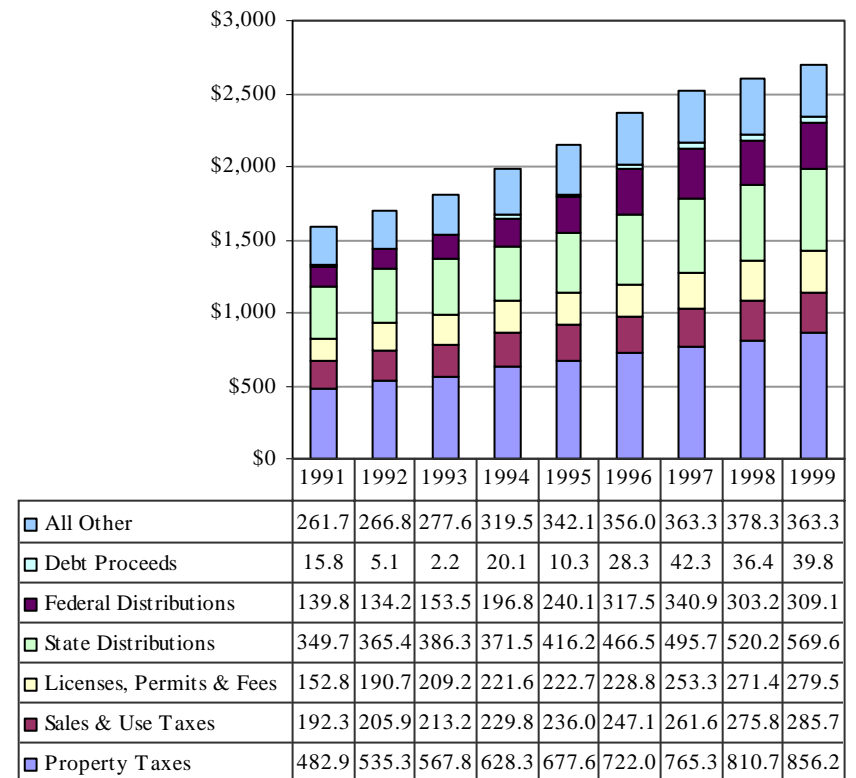


	1991	1992	1993	1994	1995	1996	1997	1998	1999
Other Law & Justice	5.6	5.5	5.6	5.9	5.9	6.5	6.9	5.2	5.5
Detention & Correction	22.3	24.6	25.8	31.1	34.2	37.6	43.7	51.9	52.2
Law Enforcement	334.7	357.4	383.0	413.8	441.1	485.3	528.1	559.7	594.6
Legal (excluding civil)	21.5	20.9	24.9	26.8	29.2	27.7	30.8	31.7	31.3
Judicial	36.4	39.9	40.8	43.8	47.2	50.4	52.9	57.4	60.2

## Appendix C: Revenue Trend Charts

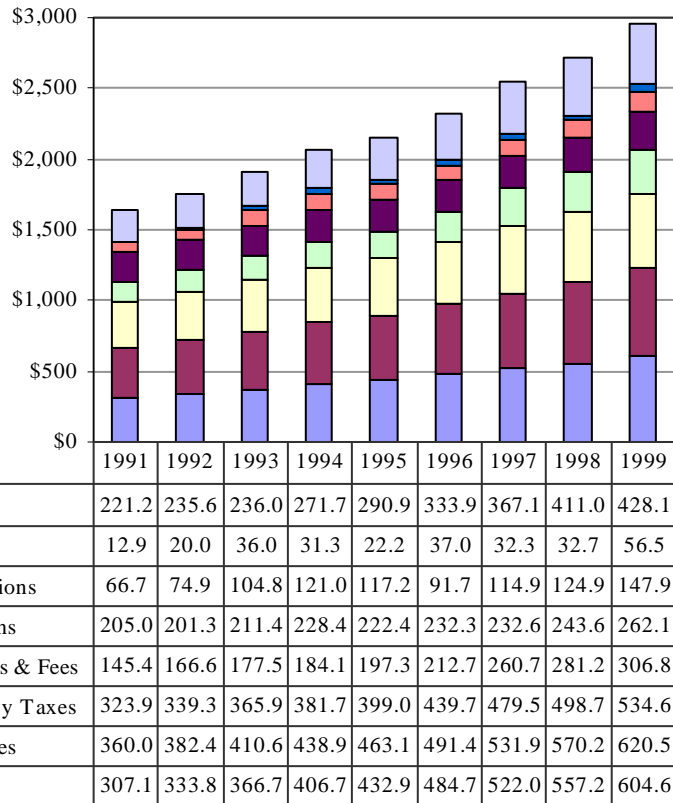
The following pages present expenditure trend information for counties and cities over the period 1991 to 1999. Charts 23 and 24 show total revenues. Charts 25 and 26 show the revenue trends for state distributions to counties and cities.

**Chart 23.**  
**County Revenue Trends 1991-1999**  
**General and Special Revenue Funds**  
(Dollars in Millions)



**Chart 24.**  
**City Revenue Trends 1991-1999**  
**General and Special Revenue Funds**

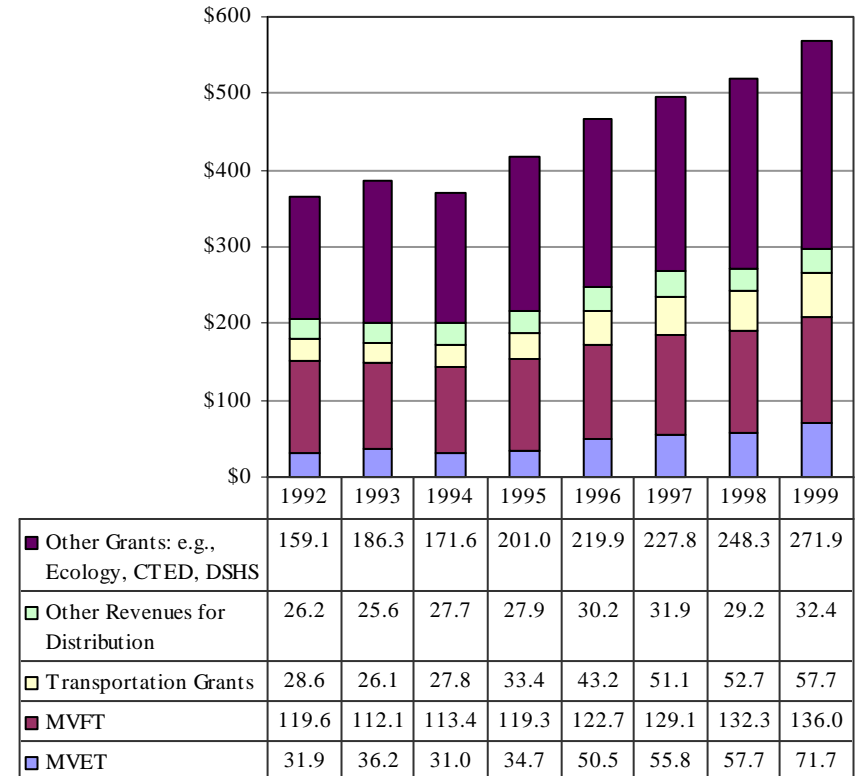
(Dollars in Millions)



**Chart 25.**  
**State Distributions to Counties Revenue Trends**  
**1991-1999**

**General and Special Revenue Funds**

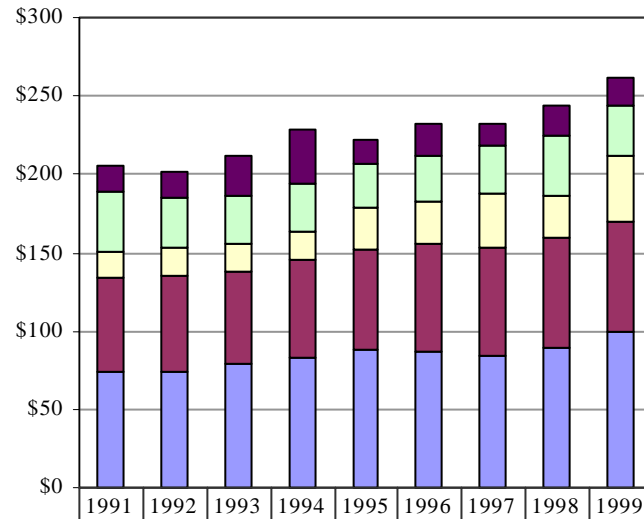
(Dollars in Millions)



**Chart 26.**  
**State Distributions to Cities Revenue Trends**  
**1991-1999**

**General and Special Revenue Funds**

(Dollars in Millions)



■ Other Grants: e.g., Ecology, CTED, DSHS	1991	1992	1993	1994	1995	1996	1997	1998	1999
■ Other Revenues for Distribution	37.8	31.1	30.1	30.7	28.5	30.4	31.0	37.7	32.9
■ Transportation Grants	16.3	17.9	18.0	18.8	26.6	26.9	34.6	27.1	41.1
■ MVFT	61.0	61.1	59.3	61.6	63.4	68.2	68.3	69.4	71.2
■ MVET	73.7	74.5	79.0	83.5	88.5	87.0	84.6	89.9	99.2